

106TH CONGRESS
2D SESSION

S. 2914

To amend the National Housing Act to require partial rebates of FHA mortgage insurance premiums to certain mortgagors upon payment of their FHA-insured mortgages.

IN THE SENATE OF THE UNITED STATES

JULY 25, 2000

Mr. ALLARD (for himself and Mr. GRAMM) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the National Housing Act to require partial rebates of FHA mortgage insurance premiums to certain mortgagors upon payment of their FHA-insured mortgages.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Homeowners Rebate
5 Act of 2000”.

1 **SEC. 2. PAYMENT OF DISTRIBUTIVE SHARES FROM MU-**
 2 **TUAL MORTGAGE INSURANCE FUND RE-**
 3 **SERVES.**

4 (a) IN GENERAL.—Section 205(c) of the National
 5 Housing Act (12 U.S.C. 1711(c)) is amended to read as
 6 follows:

7 “(c) DISTRIBUTION OF RESERVES.—Upon termi-
 8 nation of an insurance obligation of the Mutual Mortgage
 9 Insurance Fund by payment of the mortgage insured
 10 thereunder, if the Secretary determines (in accordance
 11 with subsection (e)) that there is a surplus for distribution
 12 under this section to mortgagors, the Participating Re-
 13 serve Account shall be subject to distribution as follows:

14 “(1) REQUIRED DISTRIBUTION.—In the case of
 15 a mortgage paid after November 5, 1990, and in-
 16 sured for 7 years or more before such termination,
 17 the Secretary shall distribute to the mortgagor a
 18 share of such Account in such manner and amount
 19 as the Secretary shall determine to be equitable and
 20 in accordance with sound actuarial and accounting
 21 practice, subject to paragraphs (3) and (4).

22 “(2) DISCRETIONARY DISTRIBUTION.—In the
 23 case of a mortgage not described in paragraph (1),
 24 the Secretary is authorized to distribute to the mort-
 25 gagor a share of such Account in such manner and
 26 amount as the Secretary shall determine to be equi-

1 table and in accordance with sound actuarial and ac-
2 counting practice, subject to paragraphs (3) and (4).

3 “(3) LIMITATION ON AMOUNT.—In no event
4 shall the amount any such distributable share exceed
5 the aggregate scheduled annual premiums of the
6 mortgagor to the year of termination of the insur-
7 ance.

8 “(4) APPLICATION REQUIREMENT.—The Sec-
9 retary shall not distribute any share to an eligible
10 mortgagor under this subsection beginning on the
11 date which is 6 years after the date that the Sec-
12 retary first transmitted written notification of eligi-
13 bility to the last known address of the mortgagor,
14 unless the mortgagor has applied in accordance with
15 procedures prescribed by the Secretary for payment
16 of the share within the 6-year period. The Secretary
17 shall transfer from the Participating Reserve Ac-
18 count to the General Surplus Account any amounts
19 that, pursuant to the preceding sentence, are no
20 longer eligible for distribution.”.

21 (b) DETERMINATION OF SURPLUS.—

22 (1) IN GENERAL.—Section 205(e) of the Na-
23 tional Housing Act (12 U.S.C. 1711(e)) is amended
24 by adding at the end the following: “Notwith-
25 standing any other provision of this section, if, at

1 the time of such a determination, the capital ratio
 2 (as defined in subsection (f)) for the Fund is 3.0
 3 percent or greater, the Secretary shall determine
 4 that there is a surplus for distribution under this
 5 section to mortgagors.”.

6 (2) GAO REPORT.—Not later than 1 year after
 7 the date of enactment of this Act, the Comptroller
 8 General shall submit a report to the Congress that
 9 evaluates the adequacy of the capital ratio require-
 10 ment under section 205(f)(2) of the National Hous-
 11 ing Act (12 U.S.C. 1711(f)(2)) for ensuring the
 12 safety and soundness of the Mutual Mortgage Insur-
 13 ance Fund. Such report shall also evaluate the ade-
 14 quacy of the capital ratio level established under sec-
 15 tion 205(e)(1) of the National Housing Act, as
 16 amended by paragraph (1) of this section and shall
 17 include a recommendation of a capital ratio level
 18 that, if made effective under such section upon the
 19 expiration of the 2-year period beginning on the date
 20 of enactment of this Act, would provide for distribu-
 21 tions of shares under section 205(c) of such Act in
 22 a manner adequate to ensure the safety and sound-
 23 ness of such Fund.

24 (c) RETROACTIVE PAYMENTS.—

1 (1) TIMING.—Not later than 3 months after the
2 date of enactment of this Act, the Secretary of
3 Housing and Urban Development shall determine
4 the amount of each distributable share for each
5 mortgage described in paragraph (2) to be paid and
6 shall make payment of such share.

7 (2) MORTGAGES COVERED.—A mortgage de-
8 scribed in this paragraph is a mortgage for which—

9 (A) the insurance obligation of the Mutual
10 Mortgage Insurance Fund was terminated by
11 payment of the mortgage before the date of en-
12 actment of this Act;

13 (B) a distributable share is required to be
14 paid to the mortgagor under section 205(c)(1)
15 of the National Housing Act (12 U.S.C.
16 1711(c)(1)), as amended by subsection (a) of
17 this section; and

18 (C) no distributable share was paid pursu-
19 ant to section 205(c) of the National Housing
20 Act upon termination of the insurance obliga-
21 tion of such Fund.

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